



Financial Report

Year Ended June 30, 2019

TOWN OF WEST POINT, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

TOWN OF WEST POINT, VIRGINIA

TOWN COUNCIL

James H. Hudson, III, Mayor

Deborah T. Ball, Vice-Mayor

Tina S. Gulley

Robert J. Lawrence

Jack T. Lawson

Gail C. Nichols

James Pruett

John G. Ragsdale, II

TOWN SCHOOL BOARD

Paul Diggs, Chairman

Elliott Jenkins, Vice-Chairman

Phyllis Dorsey

Kay Lawson

Dudley Olsson

ECONOMIC DEVELOPMENT AUTHORITY

Jack Lawson, Chairperson

Paul Kelley, Vice-Chairman

Debbie Brockwell

Robert Lawrence

William B. Lee

O. B. Shreaves

OTHER OFFICIALS

Town Manager..... John B. Edwards, Jr.
Town Attorney Andrea G. Erard
Town Treasurer Letrecia Moore
Town Clerk..... Karen M. Barrow
School Superintendent Laura K. Abel

TOWN OF WEST POINT, VIRGINIA

Financial Report
Year Ended June 30, 2019

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

To the Honorable Members of the Town Council
Town of West Point, Virginia
West Point, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension funding on pages 4-8, 88-91, and 92-102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of West Point, Virginia's basic financial statements. The other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2020, on our consideration of Town of West Point, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of West Point, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of West Point, Virginia's internal control over financial reporting and compliance.

Charlottesville, Virginia
January 24, 2020

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of West Point, Virginia (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,047,233 (net position). Of this amount, \$6,634,941 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the Town's general fund reported ending fund balance of \$5,788,227, a decrease of \$94,578 in comparison with the prior year. Approximately 73% of this total amount, \$4,218,283, is available for spending at the Town's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,218,283, or approximately 47% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Overview of the Financial Statements: (Continued)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government administration, public safety, public works, education, community development, and parks, recreation and cultural activities.

The government-wide financial statements include not only Town of West Point, Virginia itself (known as the primary government), but also a legally separate school district and an Economic Development Authority. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Town of West Point, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories - governmental funds and proprietary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains one individual governmental fund - the General Fund.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds - The Town maintains one proprietary fund - the Water and Sewer Fund. Proprietary funds use the accrual basis of accounting, similar to the private sector business.

Notes to financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary and Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and the schedules related to pension and OPEB funding, and other supplementary information includes combining and individual financial statements for the discretely presented component units, and a supporting schedule showing budgetary information. The report also includes statistical information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,047,233 at the close of the most recent fiscal year.

Town of West Point, Virginia
Statement of Net Position
Governmental and Business-type Activities
June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 6,953,045	\$ 6,737,824	\$ 1,199,895	\$ 1,116,314	\$ 8,152,940	\$ 7,854,138
Capital assets	8,694,550	8,379,581	3,331,890	3,415,380	12,026,440	11,794,961
Note receivable	89,389	112,271	-	-	89,389	112,271
Net pension asset	193,193	188,013	19,762	23,499	212,955	211,512
Total assets	\$ 15,930,177	\$ 15,417,689	\$ 4,551,547	\$ 4,555,193	\$ 20,481,724	\$ 19,972,882
Deferred outflows of resources	\$ 134,043	\$ 135,101	\$ 17,547	\$ 16,738	\$ 151,590	\$ 151,839
Total assets and deferred outflows	\$ 16,064,220	\$ 15,552,790	\$ 4,569,094	\$ 4,571,931	\$ 20,633,314	\$ 20,124,721
Long-term liabilities outstanding	\$ 5,786,055	\$ 6,145,056	\$ 562,913	\$ 700,724	\$ 6,348,968	\$ 6,845,780
Current liabilities	1,089,683	734,570	14,381	8,356	1,104,064	742,926
Total liabilities	\$ 6,875,738	\$ 6,879,626	\$ 577,294	\$ 709,080	\$ 7,453,032	\$ 7,588,706
Deferred inflows of resources	\$ 120,316	\$ 232,147	\$ 12,733	\$ 28,580	\$ 133,049	\$ 260,727
Net position:						
Net investment in capital assets	\$ 3,144,374	\$ 2,462,224	\$ 2,788,924	\$ 2,740,108	\$ 5,933,298	\$ 5,202,332
Restricted	478,994	437,385	-	-	478,994	437,385
Unrestricted	5,444,798	5,541,408	1,190,143	1,094,163	6,634,941	6,635,571
Total net position	\$ 9,068,166	\$ 8,441,017	\$ 3,979,067	\$ 3,834,271	\$ 13,047,233	\$ 12,275,288
Total liabilities, deferred inflows and net position	\$ 16,064,220	\$ 15,552,790	\$ 4,569,094	\$ 4,571,931	\$ 20,633,314	\$ 20,124,721

A large part of the Town's net position (\$5,933,298, or 45%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During the current fiscal year, the Town's net position experienced an increase in the governmental activities in the amount of \$627,149. The business-type activities net position decreased in the amount of \$144,796.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$627,149. Key elements of this increase are as follows:

Town of West Point, Virginia
Statement of Activities
Governmental and Business-type Activities
Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 248,176	\$ 264,811	\$ 738,488	\$ 722,632	\$ 986,664	\$ 987,443
Operating grants and contributions	110,804	154,034	-	-	110,804	154,034
Capital grants and contributions	109,457	118,416	-	-	109,457	118,416
General revenues:						
General property taxes	5,916,458	5,919,213	-	-	5,916,458	5,919,213
Other local taxes	1,162,159	1,057,967	-	-	1,162,159	1,057,967
Use of money and property	327,743	257,052	9,547	4,464	337,290	261,516
Commonwealth of Virginia non- categorical aid	602,523	746,069	-	-	602,523	746,069
Other general revenues	156,922	162,672	18,761	27,349	175,683	190,021
Total revenues	<u>\$ 8,634,242</u>	<u>\$ 8,680,234</u>	<u>\$ 766,796</u>	<u>\$ 754,445</u>	<u>\$ 9,401,038</u>	<u>\$ 9,434,679</u>
Expenses:						
General government administration	\$ 597,754	\$ 632,350	\$ -	\$ -	\$ 597,754	\$ 632,350
Public safety	989,200	973,116	-	-	989,200	973,116
Public works	803,279	1,120,322	-	-	803,279	1,120,322
Education	4,842,622	4,201,196	-	-	4,842,622	4,201,196
Parks, recreation, and cultural	116,589	114,103	-	-	116,589	114,103
Community development	633,889	388,524	-	-	633,889	388,524
Interest	146,160	156,589	-	-	146,160	156,589
Water and sewer	-	-	499,600	553,804	499,600	553,804
Total expenses	<u>\$ 8,129,493</u>	<u>\$ 7,586,200</u>	<u>\$ 499,600</u>	<u>\$ 553,804</u>	<u>\$ 8,629,093</u>	<u>\$ 8,140,004</u>
Increase (decrease) in net position before transfers	\$ 504,749	\$ 1,094,034	\$ 267,196	\$ 200,641	\$ 771,945	\$ 1,294,675
Transfers	122,400	202,009	(122,400)	(202,009)	-	-
Increase (decrease) in net position	\$ 627,149	\$ 1,296,043	\$ 144,796	\$ (1,368)	\$ 771,945	\$ 1,294,675
Net position - beginning	8,441,017	7,144,974	3,834,271	3,835,639	12,275,288	10,980,613
Net position - ending	<u>\$ 9,068,166</u>	<u>\$ 8,441,017</u>	<u>\$ 3,979,067</u>	<u>\$ 3,834,271</u>	<u>\$ 13,047,233</u>	<u>\$ 12,275,288</u>

Business-type activities increased the Town's net position by \$144,796. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, as a public utility function comprises the Town's business-type activities there is more of a direct correlation to the revenues generated relative to the expenses incurred because of service demands.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund - The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's general fund reported ending fund balance of \$5,788,227 a decrease of \$94,578 in comparison with the prior year. A significant portion of this fund balance, \$4,218,283 constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is not available for new spending because it is either restricted, committed or assigned.

The general fund is the primary operating fund of the Town. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47% of total general fund expenditures.

General Fund Budgetary Highlights

The Town's General Fund expended \$8,895,645 during the year, which was \$152,755 less than what was budgeted.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental funds as of June 30, 2019 totals \$12,026,440 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, and machinery and equipment.

- * School Board capital assets are jointly owned by the Town (primary government) and the component unit school board. The Town's share of the School Board capital assets is in proportion to the debt owed on such assets by the Town. The Town reports depreciation on these assets as an element of its share of the costs of the public school system.

Additional information on the Town's capital assets can be found in the footnotes to these financial statements.

Debt - Of the total principal balance at the end of the year, \$6,093,142 was for General Obligation Bonds. The Town's total outstanding debt principal decreased by \$449,487.

Annual requirements to amortize all long-term debt and related interest and other information relative to the Town's debt can be found in the notes to financial statements.

Contact the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Treasurer, P. O. Box 152, West Point, Virginia 23181.

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Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position

June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 6,787,145	\$ 1,072,018	\$ 7,859,163	\$ 243,161	\$ 388,392
Receivables (net of allowance for uncollectibles):					
Property taxes	120,515	-	120,515	-	-
Accounts receivable	5,559	127,877	133,436	-	-
Current portion of note receivable	11,613	-	11,613	-	-
Inventory	-	-	-	-	548,208
Due from other governments	28,213	-	28,213	58,038	-
Due from primary government	-	-	-	910,504	-
Prepaid expenses	-	-	-	118,781	-
Total Current Assets	\$ 6,953,045	\$ 1,199,895	\$ 8,152,940	\$ 1,330,484	\$ 936,600
Noncurrent Assets					
Net pension asset	\$ 193,193	\$ 19,762	\$ 212,955	\$ -	\$ -
Noncurrent portion of note receivable	89,389	-	89,389	-	-
Capital Assets (net of accumulated depreciation):					
Land	1,015,245	367,305	1,382,550	59,350	-
Construction in progress	52,389	-	52,389	-	-
Buildings and improvements	7,134,445	2,942,181	10,076,626	5,474,816	-
Equipment	492,471	22,404	514,875	769,948	-
Total Noncurrent Assets	\$ 8,977,132	\$ 3,351,652	\$ 12,328,784	\$ 6,304,114	\$ -
Total Assets	\$ 15,930,177	\$ 4,551,547	\$ 20,481,724	\$ 7,634,598	\$ 936,600
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 121,291	\$ 16,109	\$ 137,400	\$ 1,596,296	\$ -
OPEB related items	12,752	1,438	14,190	190,949	-
Total Deferred Outflows of Resources	\$ 134,043	\$ 17,547	\$ 151,590	\$ 1,787,245	\$ -
Total Assets and Deferred Outflows of Resources	\$ 16,064,220	\$ 4,569,094	\$ 20,633,314	\$ 9,421,843	\$ 936,600
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 122,404	\$ 8,363	\$ 130,767	\$ 74,359	\$ -
Accrued expenses	-	1,389	1,389	1,026,491	-
Customers' deposits	-	4,629	4,629	-	-
Due to component unit	910,504	-	910,504	-	-
Accrued interest payable	56,775	-	56,775	-	-
Current portion of long-term obligations	266,413	56,007	322,420	29,819	-
Total Current Liabilities	\$ 1,356,096	\$ 70,388	\$ 1,426,484	\$ 1,130,669	\$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	\$ 5,519,642	\$ 506,906	\$ 6,026,548	\$ 9,601,241	\$ 361,566
Total Liabilities	\$ 6,875,738	\$ 577,294	\$ 7,453,032	\$ 10,731,910	\$ 361,566
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 90,462	\$ 11,511	\$ 101,973	\$ 967,000	\$ -
OPEB related items	9,779	1,222	11,001	61,000	-
Deferred revenue - property taxes	20,075	-	20,075	-	-
Total Deferred Inflows of Resources	\$ 120,316	\$ 12,733	\$ 133,049	\$ 1,028,000	\$ -
NET POSITION (DEFICIT)					
Net investment in capital assets	\$ 3,144,374	\$ 2,788,924	\$ 5,933,298	\$ 6,203,112	\$ -
Restricted for:					
Economic development	297,831	-	297,831	-	-
Cemetery operations	181,163	-	181,163	-	-
Unrestricted	5,444,798	1,190,143	6,634,941	(8,541,179)	575,034
Total Net Position (Deficit)	\$ 9,068,166	\$ 3,979,067	\$ 13,047,233	\$ (2,338,067)	\$ 575,034
Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)	\$ 16,064,220	\$ 4,569,094	\$ 20,633,314	\$ 9,421,843	\$ 936,600

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF WEST POINT, VIRGINIA

Statement of Activities

Year Ended June 30, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 597,754	\$ -	\$ -	\$ -
Public safety	989,200	63,785	106,304	-
Public works	803,279	184,391	-	-
Education	4,842,622	-	-	-
Parks, recreation, and cultural	116,589	-	-	-
Community development	633,889	-	4,500	109,457
Interest on long-term debt	146,160	-	-	-
Total governmental activities	\$ 8,129,493	\$ 248,176	\$ 110,804	\$ 109,457
Business-type activities:				
Water and Sewer	\$ 499,600	\$ 738,488	\$ -	\$ -
Total primary government	\$ 8,629,093	\$ 986,664	\$ 110,804	\$ 109,457
COMPONENT UNITS:				
School Board	\$ 10,246,755	\$ 180,375	\$ 5,856,972	\$ -
Economic Development Authority	6,038	-	-	-
Total component units	\$ 10,252,793	\$ 180,375	\$ 5,856,972	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Meals taxes				
Business license taxes				
Consumer utility taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Town contribution to school board				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit) - beginning				
Net position (deficit) - ending				

The accompanying notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business- type Activities	Total	School Board	Economic Development Authority	
\$ (597,754)	\$ -	\$ (597,754)	\$ -	\$ -	
(819,111)	-	(819,111)	-	-	
(618,888)	-	(618,888)	-	-	
(4,842,622)	-	(4,842,622)	-	-	
(116,589)	-	(116,589)	-	-	
(519,932)	-	(519,932)	-	-	
(146,160)	-	(146,160)	-	-	
<u>\$ (7,661,056)</u>	<u>\$ -</u>	<u>\$ (7,661,056)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ 238,888	\$ 238,888	\$ -	\$ -	
<u>\$ (7,661,056)</u>	<u>\$ 238,888</u>	<u>\$ (7,422,168)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (4,209,408)	\$ -	
-	-	-	-	(6,038)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,209,408)</u>	<u>\$ (6,038)</u>	
\$ 5,916,458	\$ -	\$ 5,916,458	\$ -	\$ -	
332,346	-	332,346	-	-	
320,366	-	320,366	-	-	
226,418	-	226,418	-	-	
69,600	-	69,600	-	-	
213,429	-	213,429	-	-	
327,743	9,547	337,290	14,593	8,496	
-	-	-	4,342,999	-	
156,922	18,761	175,683	148,073	-	
602,523	-	602,523	-	-	
122,400	(122,400)	-	-	-	
<u>\$ 8,288,205</u>	<u>\$ (94,092)</u>	<u>\$ 8,194,113</u>	<u>\$ 4,505,665</u>	<u>\$ 8,496</u>	
\$ 627,149	\$ 144,796	\$ 771,945	\$ 296,257	\$ 2,458	
8,441,017	3,834,271	12,275,288	(2,634,324)	572,576	
<u>\$ 9,068,166</u>	<u>\$ 3,979,067</u>	<u>\$ 13,047,233</u>	<u>\$ (2,338,067)</u>	<u>\$ 575,034</u>	

DRAFT

Fund Financial Statements

Balance Sheet - Governmental Fund
June 30, 2019

	General Fund	
ASSETS		
Cash and cash equivalents	\$	6,787,145
Receivables (Net of allowance for uncollectibles):		
Taxes, including penalties		120,515
Accounts receivable		5,559
Due from other governments		28,213
Total assets	\$	<u>6,941,432</u>
LIABILITIES		
Accounts payable	\$	122,404
Due to component unit		910,504
Total liabilities	\$	<u>1,032,908</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	\$	<u>120,297</u>
FUND BALANCE		
Restricted:		
Economic development	\$	297,831
Cemetery operations		181,163
Assigned:		
Dare projects		7,593
Solid waste fleet replacement		123,423
Vehicle replacement		109,547
Solid waste		172,572
Capital improvements		86,092
School capital improvements		29,376
Long-term debt		562,347
Unassigned		4,218,283
Total fund balance	\$	<u>5,788,227</u>
Total liabilities, deferred inflows of resources and fund balance	\$	<u>6,941,432</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Fund balance from above	\$	5,788,227
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	1,015,245
Construction in progress		52,389
Buildings and improvements		7,134,445
Equipment		<u>492,471</u>
		8,694,550
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Note receivable	\$	101,002
Unavailable revenue - property taxes		100,222
Net pension asset		<u>193,193</u>
		394,417
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	121,291
OPEB related items		<u>12,752</u>
		134,043
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$	(5,550,176)
Compensated absences		(128,322)
Net OPEB liability		(107,557)
Accrued interest payable		<u>(56,775)</u>
		(5,842,830)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(90,462)
OPEB related items		<u>(9,779)</u>
		(100,241)
Net position of General Governmental Activities	\$	9,068,166

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Change in Fund Balance -
 Governmental Fund
 Year Ended June 30, 2019

	<u>General Fund</u>
Revenues:	
General property taxes	\$ 5,988,099
Other local taxes	1,162,159
Permits, privilege fees and regulatory licenses	39,703
Fines and forfeitures	24,082
Revenue from use of money and property	339,013
Charges for services	184,391
Miscellaneous	71,421
Recovered costs	47,015
Intergovernmental:	
King William County	155,310
Commonwealth	558,017
Federal	109,457
Total revenues	<u>\$ 8,678,667</u>
Expenditures:	
Current:	
General government administration	\$ 686,804
Public safety	1,099,423
Public works	1,001,372
Education	4,661,473
Parks, recreation, and cultural	166,042
Community development	632,819
Nondepartmental	130,576
Debt service:	
Principal retirement	367,181
Interest and other fiscal charges	149,955
Total expenditures	<u>\$ 8,895,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (216,978)</u>
Other financing sources (uses):	
Transfers in	<u>\$ 122,400</u>
Total other financing sources (uses)	<u>\$ 122,400</u>
Change in fund balance	\$ (94,578)
Fund balance at beginning of year	<u>5,882,805</u>
Fund balance at end of year	<u><u>\$ 5,788,227</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of Statement of Revenues, Expenditures, and Change in Fund Balance
of Governmental Fund to the Statement of Activities
Year Ended June 30, 2019

		<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - total governmental fund	\$	(94,578)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded in the current period.		
Capital outlay	\$ 646,995	
Depreciation expense	<u>(252,102)</u>	394,893
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(162,487)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	\$ (71,641)	
Donation of land	<u>85,501</u>	13,860
Repayment of the principal of long-term note receivable provides current financial resources to governmental funds. These transactions, however, have no effect on net position.		
Payment received for principal of note receivable		(11,270)
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items and details are as follows:		
Principal repayments		367,181
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	\$ (5,513)	
Change in accrued interest	3,795	
Abandoned CIP project costs	(2,937)	
Pension expense	115,132	
OPEB expense	<u>9,073</u>	119,550
Change in net position of governmental activities	\$	<u>627,149</u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Net Position - Proprietary Fund
June 30, 2019

	<u>Water and Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,072,018
Receivables (net of allowance for uncollectibles):	
Accounts receivable	127,877
Total Current Assets	\$ <u>1,199,895</u>
Noncurrent Assets	
Net pension asset	\$ 19,762
Capital assets:	
Land	367,305
Buildings and improvements	6,000,934
Equipment	397,657
Accumulated depreciation	(3,434,006)
Total Noncurrent Assets	\$ <u>3,351,652</u>
Total Assets	\$ <u>4,551,547</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 16,109
OPEB related items	1,438
Total deferred outflows of resources	\$ <u>17,547</u>
Total Assets and Deferred Outflows of Resources	\$ <u><u>4,569,094</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 8,363
Accrued expenses	1,389
Customer deposits	4,629
Current portion of long-term obligations	56,007
Total Current Liabilities	\$ <u>70,388</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	\$ <u>506,906</u>
Total Liabilities	\$ <u>577,294</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 11,511
OPEB related items	1,222
Total deferred inflows of resources	\$ <u>12,733</u>
NET POSITION	
Net investment in capital assets	\$ 2,788,924
Unrestricted	1,190,143
Total Net Position	\$ <u>3,979,067</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ <u><u>4,569,094</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Change in Net Position -
 Proprietary Fund
 Year Ended June 30, 2019

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 738,488
Miscellaneous	<u>18,761</u>
Total operating revenues	<u>\$ 757,249</u>
Operating expenses:	
Personnel services	\$ 146,697
Fringe benefits	48,983
Contractual services	94,495
Capital outlay	23,178
Other operating costs	81,701
Depreciation and amortization	<u>87,002</u>
Total operating expenses	<u>\$ 482,056</u>
Operating income (loss)	<u>\$ 275,193.00</u>
Nonoperating revenues (expenses):	
Interest income	\$ 9,547
Interest expense	<u>(17,544)</u>
Total nonoperating revenues (expenses)	<u>\$ (7,997)</u>
Income before transfers	\$ 267,196
Transfers out	<u>(122,400)</u>
Change in net position	\$ 144,796
Net position, beginning of year	<u>3,834,271</u>
Net position, end of year	<u><u>\$ 3,979,067</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2019

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 748,406
Payments to employees (including fringe benefits)	(214,104)
Payments to suppliers and service providers	(193,349)
Net cash provided by (used for) operating activities	<u>\$ 340,953</u>
Cash flows from capital and related financing activities:	
Retirement of general obligation bonds	\$ (132,306)
Interest expense	(17,544)
Net cash provided by (used for) capital and related financing activities	<u>\$ (149,850)</u>
Cash flows from noncapital financing activities:	
Transfers out	\$ (122,400)
Cash flows from investing activities:	
Interest income	\$ 9,547
Purchase of capital assets	(3,512)
Net cash provided by (used in) investing activities	<u>\$ 6,035</u>
Net increase (decrease) in cash and cash equivalents	\$ 74,738
Cash and cash equivalents at beginning of year	<u>997,280</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,072,018</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Operating income (loss)	\$ 275,193
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and amortization	87,002
Changes in operating assets, deferred outflows, liabilities and deferred inflows:	
(Increase)/Decrease in accounts receivable	(8,843)
(Increase)/Decrease in net pension asset	3,737
(Increase)/Decrease in deferred outflows of resources - pension related	280
(Increase)/Decrease in deferred outflows of resources - OPEB related	(1,089)
Increase/(Decrease) in accounts payable	5,848
Increase/(Decrease) in accrued expenses	(723)
Increase/(Decrease) in customer deposits	900
Increase/(Decrease) in deferred inflows of resources - pension related	(15,625)
Increase/(Decrease) in deferred inflows of resources - OPEB related	(222)
Increase/(Decrease) in net OPEB liability	333
Increase/(Decrease) in compensated absences	(5,838)
Net cash provided by (used for) operating activities	<u><u>\$ 340,953</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Town of West Point, Virginia is governed by an elected seven member Town Council. The Town provides a full range of services for its citizens. These services include police and fire protection; sanitation services; recreational activities and cultural events; and education.

A. Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the Town's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its components units. For the most part, effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Government-wide and Fund Financial Statements: (Continued)

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

C. The Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general-purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in the reporting entity. These financial statements present Town of West Point, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are in substance, part of the primary government's operations and data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

D. Individual Component Unit Disclosures

Blended Component Units: The Town has no blended component units to be included for the fiscal year ended June 30, 2019.

Discretely Presented Component Units:

School Board: The West Point School Board members are elected by the citizens of Town of West Point. The School Board is responsible for the operations of the Town's School System and is fiscally dependent upon the Town. The Town has the ability to approve its budget and any amendments. The primary funding of the School Board is from the General Fund of the Town. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discretely presented component unit of the Town financial statements for the fiscal year ended June 30, 2019.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Individual Component Unit Disclosures: (Continued)

Economic Development Authority: The Economic Development Authority of the Town was established to promote industry and commercial enterprises to locate in the Town. The Authority draws its corporate powers from the Virginia Code section 15.1-1376, which defines it as a corporate body. The Authority consists of 8 members, all of which are appointed by the Primary Government for limited terms. The Primary Government can impose its will on the Authority as exemplified by approving its debt issues. These factors warrant its inclusion in the Town's reporting entity as a discretely presented component unit. The Authority does not issue a separate financial report.

E. Other Related Organizations Included in the Town's Financial Report

The Town has no related organizations.

F. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

2. Proprietary Funds

Proprietary funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary funds consist of enterprise funds.

Enterprise Funds

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for water and sewer services of the Town.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

3. Discretely Presented Component Units

Town of West Point Public Schools

Town of West Point Public Schools (School Board) is responsible for elementary and secondary education within the Town. The Schools are fiscally dependent upon the Town because the Town Council approves the annual budget of the Schools, levies the necessary taxes to finance the Schools' operations and approves the borrowing of money. Separate financial statements for the School Board are not issued.

- a. School Operating Fund - accounts for and reports revenues and expenditures relating to the operation of Town of West Point Public Schools. Revenues are derived from the General Fund and from state and federal funds. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.
- b. School Cafeteria Fund - accounts for and reports revenues and expenditures relating to the operation of school cafeterias. Revenues are derived from state and federal funds. The School Cafeteria Fund is considered a major fund of the School Board for financial reporting purposes.
- c. School Construction Fund - accounts for and reports school construction and related expenditures of the public school system. The School Construction Fund is considered a major fund of the School Board for financial reporting purposes.

Economic Development Authority - accounts for and reports revenues and expenditures relating to operation of Economic Development Authority. Revenues are derived from the earning of interest.

G. Budgets and Budgetary Accounting

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements.

1. Prior to March 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The Town Manager is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria are integrated only at the level of legal adoption.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Budgets and Budgetary Accounting: (Continued)

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all Town units. Supplemental appropriations were necessary during the year.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

H. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

I. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value. Investments in custody of others include assets held by a trustee.

J. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$109,508 at June 30, 2019 and is composed of the allowance for uncollectible property taxes of \$5,457 and utility accounts of \$104,051.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on August 5th. The Town bills and collects its own property taxes.

K. Inventory

Inventory consists of commercial property held for resale. Inventories are valued at cost.

L. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

L. Capital Assets: (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2019 was immaterial.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Water and wastewater treatment systems	50
Buildings	40
Building improvements	20-40
Vehicles	3-5
Office and computer equipment, other equipment	5-10
Buses	12

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

N. Pensions

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

Q. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities and business-type activities, or proprietary fund type Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

R. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Town Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The Town Council has established a minimum unassigned fund balance in the General Fund to be no less than 10% of the expenditures budgeted in the general fund (excluding capital projects) or \$2,000,000, whichever is greater.

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

T. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

U. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

V. Upcoming Pronouncements

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

NOTE 3—DUE FROM OTHER GOVERNMENTS:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 28,213	\$ -
Other state grants	-	58,038
Total due from other governmental units	\$ 28,213	\$ 58,038

NOTE 4—DUE TO/FROM PRIMARY GOVERNMENT/COMPONENT UNITS:

Fund	Due To Component Unit	Due From Primary Government
Primary Government:		
General	\$ 910,504	\$ -
Component Unit:		
School Operating	\$ -	\$ 910,504

NOTE 5—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 122,400	\$ -
Water and Sewer Fund	-	122,400
Total	\$ 122,400	\$ 122,400
Discretely Presented Component Unit- School Board:		
School Operating Fund	\$ -	\$ 193,406
School Cafeteria Fund	193,406	-
Total	\$ 193,406	\$ 193,406

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 5—INTERFUND TRANSFERS: (CONTINUED)

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgeting authorization.

NOTE 6—CAPITAL ASSETS:

A summary of capital asset activity for the fiscal year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Primary Government:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 904,427	\$ 110,818	\$ -	\$ 1,015,245
Construction in progress	18,388	424,841	390,840	52,389
Total capital assets not being depreciated	\$ 922,815	\$ 535,659	\$ 390,840	\$ 1,067,634
Capital assets being depreciated:				
Buildings and improvements	\$ 3,630,359	\$ 418,433	\$ -	\$ 4,048,792
Equipment	2,120,653	166,306	20,793	2,266,166
Jointly owned assets	4,872,629	-	162,487	4,710,142
Total capital assets being depreciated	\$ 10,623,641	\$ 584,739	\$ 183,280	\$ 11,025,100
Less accumulated depreciation:				
Buildings and improvements	\$ 1,229,126	\$ 121,115	\$ -	\$ 1,350,241
Equipment	1,682,163	112,325	20,793	1,773,695
Jointly owned assets	255,586	18,662	-	274,248
Total accumulated depreciation	\$ 3,166,875	\$ 252,102	\$ 20,793	\$ 3,398,184
Total capital assets being depreciated, net	\$ 7,456,766	\$ 332,637	\$ 162,487	\$ 7,626,916
Net capital assets governmental activities	\$ 8,379,581	\$ 868,296	\$ 553,327	\$ 8,694,550
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 367,305	\$ -	\$ -	\$ 367,305
Capital assets being depreciated:				
Buildings and improvements	\$ 6,000,934	\$ -	\$ -	\$ 6,000,934
Equipment	394,145	3,512	-	397,657
Total capital assets being depreciated	\$ 6,395,079	\$ 3,512	\$ -	\$ 6,398,591
Less accumulated depreciation:				
Buildings and improvements	\$ 2,973,852	\$ 84,901	\$ -	\$ 3,058,753
Equipment	373,152	2,101	-	375,253
Total accumulated depreciation	\$ 3,347,004	\$ 87,002	\$ -	\$ 3,434,006
Total capital assets being depreciated, net	\$ 3,048,075	\$ (83,490)	\$ -	\$ 2,964,585
Net capital assets business-type activities	\$ 3,415,380	\$ (83,490)	\$ -	\$ 3,331,890

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Component Unit School Board:				
Capital assets not being depreciated:				
Land	\$ 59,350	\$ -	\$ -	\$ 59,350
Total capital assets not being depreciated	\$ 59,350	\$ -	\$ -	\$ 59,350
Capital assets being depreciated:				
Buildings and improvements	\$ 11,536,267	\$ 168,771	\$ -	\$ 11,705,038
Equipment	1,709,417	299,183	247,736	1,760,864
Total capital assets being depreciated	\$ 13,245,684	\$ 467,954	\$ 247,736	\$ 13,465,902
Less accumulated depreciation:				
Buildings and improvements	\$ 5,581,858	\$ 485,877	\$ -	\$ 6,067,735
Equipment	1,124,693	113,959	247,736	990,916
Total accumulated depreciation	\$ 6,706,551	\$ 599,836	\$ 247,736	\$ 7,058,651
Total capital assets being depreciated, net	\$ 6,539,133	\$ (131,882)	\$ -	\$ 6,407,251
Net capital assets School Board	\$ 6,598,483	\$ (131,882)	\$ -	\$ 6,466,601

Depreciation expense was charged to function/programs of the primary government and component unit School Board as follows:

Governmental activities:	
General government administration	\$ 21,399
Public safety	32,253
Public works	176,387
Education	18,662
Parks, recreation and cultural	3,401
Total governmental activities	\$ 252,102
Water and Sewer Fund	\$ 87,002
Component Unit School Board	\$ 599,836

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 7—COMPUTATION OF LEGAL DEBT MARGIN:

Total assessed value of all taxable real estate	\$	<u>329,512,502</u>
Legal Debt Limit:		
10% of assessed value of all taxable real estate	\$	32,951,250
Less net bonded debt at June 30, 2019		<u>6,093,142</u>
Legal margin for creation of additional debt	\$	<u>26,858,108</u>

NOTE 8—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Town and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

NOTE 8—PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	12
Inactive members:	
Vested inactive members	8
Non-vested inactive members	19
Inactive members active elsewhere in VRS	25
Total inactive members	52
Active members	37
Total covered employees	101

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required employer contribution rate for the year ended June 30, 2019 was 5.42% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$81,941 and \$70,585 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 4,124,034	\$ 4,335,546	\$ (211,512)
Changes for the year:			
Service cost	\$ 158,875	\$ -	\$ 158,875
Interest	285,573	-	285,573
Differences between expected and actual experience	19,553	-	19,553
Contributions - employer	-	70,332	(70,332)
Contributions - employee	-	73,959	(73,959)
Net investment income	-	324,146	(324,146)
Benefit payments, including refunds	(88,845)	(88,845)	-
Administrative expenses	-	(2,702)	2,702
Other changes	-	(292)	292
Net changes	\$ 375,156	\$ 376,598	\$ (1,442)
Balances at June 30, 2018	\$ 4,499,190	\$ 4,712,144	\$ (212,954)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town			
Net Pension Liability (Asset)	\$ 520,229	\$ (212,954)	\$ (810,309)

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the Town recognized pension expense of \$45,049. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,556	\$ 36,285
Change in assumptions	-	18,348
Net difference between projected and actual earnings on pension plan investments	-	44,437
Employer contributions subsequent to the measurement date	81,941	-
Total	<u>\$ 134,497</u>	<u>\$ 99,070</u>

\$81,941 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2020	\$ 232
2021	1,429
2022	(44,409)
2023	(3,766)
2024	-
Thereafter	-

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$873,296 and \$795,496 for the years ended June 30, 2019 and June 30, 2018, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the school division reported a liability of \$8,053,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.068% as compared to 0.069% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$624,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 688,000
Change in assumptions	96,000	-
Net difference between projected and actual earnings on pension plan investments	-	171,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	627,000	108,000
Employer contributions subsequent to the measurement date	873,296	-
Total	<u>\$ 1,596,296</u>	<u>\$ 967,000</u>

\$873,296 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ 33,000
2021	(18,000)
2022	(200,000)
2023	(27,000)
2024	(32,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 46,679,555
Plan Fiduciary Net Position	34,919,563
Employers' Net Pension Liability (Asset)	<u>\$ 11,759,992</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Net Pension Liability: (Continued)

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 12,301,000	\$ 8,053,000	\$ 4,537,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
			Net Pension				Net Pension	
	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 137,400	\$ 101,973	\$ (212,955)	\$ 45,049	\$ -	\$ -	\$ -	\$ -
School Board Professional	-	-	-	-	1,596,296	967,000	8,053,000	624,000
Totals	\$ 137,400	\$ 101,973	\$ (212,955)	\$ 45,049	\$ 1,596,296	\$ 967,000	\$ 8,053,000	\$ 624,000

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were \$8,190 and \$7,844 for the years ended June 30, 2019 and June 30, 2018, respectively, for the Town; and \$29,310 and \$28,434 for the years ended June 30, 2019 and June 30, 2018, respectively, for the component unit school board (professional).

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

At June 30, 2019, liabilities of \$121,000 and \$436,000 were reported for the Town and component unit school board (professional), respectively, for the proportionate shares of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employers' proportion was 0.0079% and 0.0288% as compared to 0.0078% and 0.0291% at June 30, 2017, for the Town and component unit school board (professional), respectively.

For the year ended June 30, 2019, the participating employers recognized GLI OPEB expense of \$2,000 and \$8,000 for the Town and component unit school board (professional), respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the employers reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,000	\$ 2,000	\$ 21,000	\$ 8,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	4,000	-	14,000
Change in assumptions	-	5,000	-	18,000
Changes in proportion	-	-	28,000	5,000
Employer contributions subsequent to the measurement date	8,190	-	29,310	-
Total	\$ 14,190	\$ 11,000	\$ 78,310	\$ 45,000

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB: (Continued)

\$8,190 and \$29,310, for the Town and component unit school board (professional), respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employers' contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (professional)</u>
2019	\$ (2,000)	\$ (1,000)
2020	(2,000)	(1,000)
2021	(1,000)	(1,000)
2022	-	3,000
2023	-	4,000
Thereafter	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates, females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town's proportionate share of the GLI Program Net OPEB Liability	\$ 158,000	\$ 121,000	\$ 91,000
Component unit school board (professional) proportionate share of the GLI Program Net OPEB Liability	\$ 570,000	\$ 436,000	\$ 328,000

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Plan Description: (Continued)

The specific information for the Teacher HIC Program OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$67,639 and \$67,258 for the years ended June 30, 2019 and June 30, 2018, respectively.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB

At June 30, 2019, the school division reported a liability of \$859,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.06761% as compared to 0.06799% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$77,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change in assumptions	-	7,000
Change in proportion	45,000	4,000
Employer contributions subsequent to the measurement date	67,639	-
Total	\$ 112,639	\$ 16,000

\$67,639 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2020	\$ 5,000
2021	5,000
2022	5,000
2023	5,000
2024	6,000
Thereafter	3,000

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,269,674</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	959,000	\$ 859,000	\$ 774,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Aggregate OPEB Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 9):								
Town	\$ 14,190	\$ 11,001	\$ 121,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -
School Board Professional	-	-	-	-	78,310	45,000	436,000	8,000
Teacher Health Insurance Credit Program (Note 10)	-	-	-	-	112,639	16,000	859,000	77,000
Totals	<u>\$ 14,190</u>	<u>\$ 11,001</u>	<u>\$ 121,000</u>	<u>\$ 2,000</u>	<u>\$ 190,949</u>	<u>\$ 61,000</u>	<u>\$ 1,295,000</u>	<u>\$ 85,000</u>

NOTE 11—LONG-TERM OBLIGATIONS:

PRIMARY GOVERNMENT:

Changes in Long-term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2019:

	Balance at July 1, 2018	Issuances/Increases	Retirements/Decreases	Balance at June 30, 2019	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 5,917,357	\$ -	\$ 367,181	\$ 5,550,176	\$ 253,581
Net OPEB liability	104,890	18,667	16,000	107,557	-
Compensated absences	122,809	24,562	19,049	128,322	12,832
Total	<u>\$ 6,145,056</u>	<u>\$ 43,229</u>	<u>\$ 402,230</u>	<u>\$ 5,786,055</u>	<u>\$ 266,413</u>
<u>Business-type Activities:</u>					
General obligation bond	\$ 675,272	\$ -	\$ 132,306	\$ 542,966	\$ 55,357
Net OPEB liability	13,110	2,333	2,000	13,443	-
Compensated absences	12,342	6,172	12,010	6,504	650
Total	<u>\$ 700,724</u>	<u>\$ 8,505</u>	<u>\$ 146,316</u>	<u>\$ 562,913</u>	<u>\$ 56,007</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (Continued)

Changes in Long-term Obligations: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	General Obligation Bonds		General Obligation Bond	
	Principal	Interest	Principal	Interest
2020	\$ 253,581	\$ 142,056	\$ 55,357	\$ 15,261
2021	285,901	135,258	56,534	13,823
2022	293,856	127,659	58,105	12,350
2023	301,840	119,847	59,675	10,836
2024	309,854	111,824	61,246	9,283
2025	317,901	103,586	62,816	7,689
2026	325,982	95,131	64,386	6,054
2027	334,069	86,486	65,957	4,379
2028	342,771	77,645	58,890	2,659
2029	350,901	68,577	-	-
2030	400,000	61,320	-	-
2031	410,000	51,720	-	-
2032	420,000	41,880	-	-
2033	430,000	31,800	-	-
2034	440,000	21,480	-	-
2035	333,520	10,920	-	-
Total	\$ 5,550,176	\$ 1,287,189	\$ 542,966	\$ 82,334

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>		
General Obligation Bonds:		
\$367,139 issued December 11, 2008 due in varying annual installments, interest payable semi-annually at rates varying from 3.60% to 5.35%, through January 15, 2029	\$ 205,142	\$ 17,938
\$5,070,000 General Obligation Refunding Bond, Series 2014, issued August 8, 2014 due in varying annual installments, interest payable semi-annually at 2.40%, through January 15, 2035	4,505,000	150,000
\$1,500,886 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	<u>840,034</u>	<u>85,643</u>
Total General Obligation Bonds	\$ <u>5,550,176</u>	\$ <u>253,581</u>
Net OPEB Liability	\$ <u>107,557</u>	\$ <u>-</u>
Compensated Absences	\$ <u>128,322</u>	\$ <u>12,832</u>
Total governmental long-term obligations	<u>\$ 5,786,055</u>	<u>\$ 266,413</u>
<u>Business-type Activities</u>		
General Obligation Bonds:		
\$970,114 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	\$ <u>542,966</u>	\$ <u>55,357</u>
Net OPEB Liability	\$ <u>13,443</u>	\$ <u>-</u>
Compensated Absences	\$ <u>6,504</u>	\$ <u>650</u>
Total business-type long-term obligations	<u>\$ 562,913</u>	<u>\$ 56,007</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

COMPONENT UNIT—SCHOOL BOARD:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2019:

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019	Due Within One Year
Note payable	\$ 112,272	\$ -	\$ 11,270	\$ 101,002	\$ 11,613
Capital lease	164,858	-	164,858	-	-
Net pension liability	8,447,000	2,402,000	2,796,000	8,053,000	-
Net OPEB liabilities	1,301,000	238,000	244,000	1,295,000	-
Compensated absences	163,486	49,046	30,474	182,058	18,206
Total	<u>\$ 10,188,616</u>	<u>\$ 2,689,046</u>	<u>\$ 3,246,602</u>	<u>\$ 9,631,060</u>	<u>\$ 29,819</u>

Year Ending June 30,	Note Payable	
	Principal	Interest
2020	\$ 11,613	\$ 2,871
2021	11,965	2,519
2022	12,330	2,154
2023	12,704	1,780
2024	13,091	1,393
2025	13,540	944
2026	13,899	585
2027	11,860	165
Total	<u>\$ 101,002</u>	<u>\$ 12,411</u>

	Amount Outstanding	Due Within One Year
Note payable:		
\$125,000 issued May 9, 2016 payable to the Town in monthly installments of \$1,207, interest payable each month at .25% rate, through April 2027	\$ 101,002	\$ 11,613
Net pension liability	\$ 8,053,000	\$ -
Net OPEB liabilities	\$ 1,295,000	\$ -
Compensated absences	\$ 182,058	\$ 18,206
Total school long-term obligations	<u>\$ 9,631,060</u>	<u>\$ 29,819</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 12—UNEARNED/DEFERRED/UNAVAILABLE REVENUE:

Unearned, deferred and unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. As of June 30, 2019, deferred and unavailable revenue consisted of the following:

Unavailable property tax revenue: Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$120,297 at June 30, 2019.

Prepaid property taxes: Property taxes due subsequent to June 30, 2018 but paid in advance by the taxpayers totaled \$20,074 at June 30, 2019.

NOTE 13—CONTINGENT LIABILITIES:

The Town participates in a number of federally assisted grant programs. These programs remain subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant.

On October 31, 2006, the Economic Development Authority of the Town of West Point issued a Letter of Credit in the amount of \$450,000 in favor of the Virginia Department of Transportation, to secure payment of any drafts under the Letter of Credit issued by the Citizens and Farmers Bank. Should the Letter of Credit be drawn upon by the holder pursuant to the terms, then the amount shall become due and payable and shall bear interest at the rate of the Wall Street Journal Prime plus one and one-half percentage points. During the year ended June 30, 2017, \$88,434 was paid to the Commonwealth of Virginia Department of Transportation pursuant to the assignment of deposit account agreement. On March 16, 2017, the General Assembly of Virginia approved legislation which acted to impose a 48-month moratorium on the repayment of funds allocated for a bonded project pursuant to the Economic Development Access Program.

NOTE 14—RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 15—SURETY BOND INFORMATION:

	<u>Amount</u>
United States Fidelity and Guaranty Company	
Surety Bond - Mayor	\$ 100,000
Surety Bond - Chairman of the Finance Committee	100,000
Surety Bond - Treasurer	100,000
Surety Bond - Town Manager and Clerk	100,000
Surety Bond - West Point School Administrative Employee Blanket Bond	25,000
National Union Fire Insurance Company	
Errors and Omissions Policy - School Leaders School Employees Blanket Policy	1,000,000

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

NOTE 16—INVENTORY:

At June 30, 2019, the Component Unit - Economic Development Authority had inventory recorded in the various funds as follows:

	<u>Amount</u>
74.02 acres of Commercial property by the EDA (average cost per acre is \$3,459)	\$ 258,250
Lot 1 and lot 5 Industrial Park	75,080
Lot 521, lot 524, and lot 525	180,878
2 Commercial buildings held by the EDA	<u>34,000</u>
Totals	<u>\$ 548,208</u>

NOTE 17—LITIGATION:

At June 30, 2019, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

Required Supplementary Information

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2019

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 5,877,869	\$ 5,877,869	\$ 5,988,099	\$ 110,230
Other local taxes	1,001,000	1,001,000	1,162,159	161,159
Permits, privilege fees and regulatory licenses	49,700	49,700	39,703	(9,997)
Fines and forfeitures	30,000	30,000	24,082	(5,918)
Revenue from use of money and property	64,484	64,484	339,013	274,529
Charges for services	183,457	183,457	184,391	934
Miscellaneous	15,000	27,000	71,421	44,421
Recovered costs	46,000	46,000	47,015	1,015
Intergovernmental revenue:				
King William County	150,000	150,000	155,310	5,310
Commonwealth	556,371	556,371	558,017	1,646
Federal	-	100,000	109,457	9,457
Total revenues	\$ 7,973,881	\$ 8,085,881	\$ 8,678,667	\$ 592,786
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 63,300	\$ 63,300	\$ 51,894	\$ 11,406
Human resources	94,294	94,294	96,599	(2,305)
Total legislative	\$ 157,594	\$ 157,594	\$ 148,493	\$ 9,101
General and financial administration:				
Town treasurer	\$ 288,834	\$ 288,834	\$ 295,745	\$ (6,911)
Town manager	248,156	248,156	242,566	5,590
Total general and financial administration	\$ 536,990	\$ 536,990	\$ 538,311	\$ (1,321)
Total general government administration	\$ 694,584	\$ 694,584	\$ 686,804	\$ 7,780
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 829,490	\$ 863,490	\$ 846,369	\$ 17,121
Central dispatching	41,500	41,500	41,069	431
Total law enforcement and traffic control	\$ 870,990	\$ 904,990	\$ 887,438	\$ 17,552

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Public safety: (continued)				
Fire and rescue services:				
Fire department	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Total fire and rescue services	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Inspections:				
Building	\$ 90,729	\$ 90,729	\$ 61,985	\$ 28,744
Total inspections	\$ 90,729	\$ 90,729	\$ 61,985	\$ 28,744
Total public safety	\$ 1,111,719	\$ 1,145,719	\$ 1,099,423	\$ 46,296
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 221,765	\$ 221,765	\$ 219,659	\$ 2,106
Highways, streets, bridges and sidewalks	364,219	339,219	294,467	44,752
Total maintenance of highways, streets, bridges and sidewalks	\$ 585,984	\$ 560,984	\$ 514,126	\$ 46,858
Sanitation and waste removal:				
Refuse collection and disposal	\$ 163,457	\$ 163,457	\$ 163,136	\$ 321
Total sanitation and waste removal	\$ 163,457	\$ 163,457	\$ 163,136	\$ 321
Maintenance of general buildings and grounds:				
General properties	\$ 332,223	\$ 362,223	\$ 324,110	\$ 38,113
Total maintenance of general buildings and grounds	\$ 332,223	\$ 362,223	\$ 324,110	\$ 38,113
Total public works	\$ 1,081,664	\$ 1,086,664	\$ 1,001,372	\$ 85,292
Education:				
Contribution to school board component unit	\$ 4,272,100	\$ 4,272,100	\$ 4,505,486	\$ (233,386)
School facilities	105,000	145,670	155,987	(10,317)
Total education	\$ 4,377,100	\$ 4,417,770	\$ 4,661,473	\$ (243,703)

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Parks, recreation and cultural:				
Parks and recreation				
Youth recreation programs	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Cemetery	40,300	40,300	34,500	5,800
Puller 10K	-	20,000	21,422	(1,422)
Riverwalk park/puller pavilion	50,000	62,000	52,390	9,610
Recreational services agreement	40,000	40,000	40,000	-
Total parks and recreation	\$ 135,300	\$ 167,300	\$ 153,312	\$ 13,988
Library:				
Library administration	\$ 14,500	\$ 14,500	\$ 12,730	\$ 1,770
Total library	\$ 14,500	\$ 14,500	\$ 12,730	\$ 1,770
Total parks, recreation and cultural	\$ 149,800	\$ 181,800	\$ 166,042	\$ 15,758
Planning and community development:				
Community development:				
Community development	\$ 151,607	\$ 151,607	\$ 141,364	\$ 10,243
Economic development	65,700	69,700	58,489	11,211
MPPDC fees	7,585	7,585	7,585	-
Farmers market	3,000	3,000	805	2,195
Chesapeake bay transit	20,675	20,675	20,675	-
Sidewalks	-	362,550	372,451	(9,901)
Bike trail improvements	25,000	25,000	17,950	7,050
Bay agency on aging	2,500	2,500	2,500	-
Art council funding	9,500	9,500	9,500	-
Chamber of commerce	1,500	1,500	1,500	-
Total community development	\$ 287,067	\$ 653,617	\$ 632,819	\$ 20,798
Total planning and community development	\$ 287,067	\$ 653,617	\$ 632,819	\$ 20,798

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Nondepartmental:				
Employee compensation	\$ 76,152	\$ 76,152	\$ 2,920	\$ 73,232
Indian Rivers Humane Society	2,000	2,000	2,000	-
Line of Duty program	4,700	4,700	5,439	(739)
Computer repair blanket	11,000	11,000	12,047	(1,047)
Planning commission	4,600	4,600	3,804	796
Portable electronic agendas	7,500	7,500	9,484	(1,984)
Board of zoning appeals	1,350	1,350	263	1,087
Dare	-	-	301	(301)
Wetlands Board	1,400	1,400	1,256	144
Marketing	2,000	2,000	2,531	(531)
Mid Peninsula Regional Airport	30,000	30,000	30,000	-
YMCA new beginnings	1,500	1,500	1,500	-
Liability insurance	36,000	36,000	35,081	919
Annual audit service	25,000	25,000	23,950	1,050
Total nondepartmental	\$ 203,202	\$ 203,202	\$ 130,576	\$ 72,626
Debt service:				
Principal retirement	\$ 367,136	\$ 367,136	\$ 367,181	\$ (45)
Interest and fiscal charges	297,908	297,908	149,955	147,953
Total debt service	\$ 665,044	\$ 665,044	\$ 517,136	\$ 147,908
Total expenditures	\$ 8,570,180	\$ 9,048,400	\$ 8,895,645	\$ 152,755
Excess (deficiency) of revenues over expenditures	\$ (596,299)	\$ (962,519)	\$ (216,978)	\$ 745,541
Other financing sources (uses):				
Transfers in	\$ 272,231	\$ 272,231	\$ 122,400	\$ (149,831)
Total other financing sources (uses)	\$ 272,231	\$ 272,231	\$ 122,400	\$ (149,831)
Change in fund balance	\$ (324,068)	\$ (690,288)	\$ (94,578)	\$ 595,710
Fund balance at beginning of year	324,068	690,288	5,882,805	5,192,517
Fund balance at end of year	\$ -	\$ -	\$ 5,788,227	\$ 5,788,227

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 158,875	\$ 159,706	\$ 153,503	\$ 139,219	\$ 143,110
Interest	285,573	257,580	257,485	241,502	221,845
Changes of assumptions	-	(52,964)	-	-	-
Differences between expected and actual experience	19,553	114,277	(330,501)	(53,409)	-
Benefit payments, including refunds of employee contributions	(88,845)	(68,566)	(89,690)	(108,267)	(60,007)
Net change in total pension liability	\$ 375,156	\$ 410,033	\$ (9,203)	\$ 219,045	\$ 304,948
Total pension liability - beginning	4,124,034	3,714,001	3,723,204	3,504,159	3,199,211
Total pension liability - ending (a)	\$ 4,499,190	\$ 4,124,034	\$ 3,714,001	\$ 3,723,204	\$ 3,504,159
Plan fiduciary net position					
Contributions - employer	\$ 70,332	\$ 68,585	\$ 108,608	\$ 109,477	\$ 116,839
Contributions - employee	73,959	70,957	66,741	67,115	64,635
Net investment income	324,146	471,341	66,888	161,326	461,112
Benefit payments, including refunds of employee contributions	(88,845)	(68,566)	(89,690)	(108,267)	(60,007)
Administrative expense	(2,702)	(2,604)	(2,196)	(2,115)	(2,356)
Other	(292)	(424)	(28)	(35)	24
Net change in plan fiduciary net position	\$ 376,598	\$ 539,289	\$ 150,323	\$ 227,501	\$ 580,247
Plan fiduciary net position - beginning	4,335,546	3,796,257	3,645,934	3,418,433	2,838,186
Plan fiduciary net position - ending (b)	\$ 4,712,144	\$ 4,335,546	\$ 3,796,257	\$ 3,645,934	\$ 3,418,433
Town's net pension liability - ending (a) - (b)	\$ (212,954)	\$ (211,512)	\$ (82,256)	\$ 77,270	\$ 85,726
Plan fiduciary net position as a percentage of the total pension liability	104.73%	105.13%	102.21%	97.92%	97.55%
Covered payroll	\$ 1,508,394	\$ 1,445,442	\$ 1,374,894	\$ 1,375,847	\$ 1,291,185
Town's net pension liability as a percentage of covered payroll	-14.12%	-14.63%	-5.98%	5.62%	6.64%

Schedule is intended to show information for 10 years. Information prior to the 2014 is not available. However, additional years will be included as they become available.

Schedule of Employer's Share of the Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2018

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Component Unit School Board (professional)					
2018	0.068%	\$ 8,053,000	\$ 5,468,141	147.27%	74.81%
2017	0.069%	8,447,000	5,365,434	157.43%	72.92%
2016	0.063%	8,857,000	4,818,688	183.81%	70.68%
2015	0.061%	7,655,000	4,522,187	169.28%	70.88%
2014	0.063%	7,612,000	4,606,771	165.24%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions - Pension

For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 81,941	\$ 81,941	\$ -	\$ 1,574,948	5.20%
2018	70,585	70,585	-	1,508,394	4.68%
2017	72,850	72,850	-	1,445,442	5.04%
2016	111,092	111,092	-	1,374,894	8.08%
2015	111,168	111,168	-	1,375,847	8.08%
2014	116,594	116,594	-	1,291,185	9.03%
2013	84,854	84,854	-	1,247,849	6.80%
2012	79,213	79,213	-	1,440,242	5.50%
2011	77,480	77,480	-	1,408,724	5.50%
2010	80,340	80,340	-	1,386,508	5.79%
Component Unit School Board (professional)					
2019	\$ 873,296	\$ 873,296	\$ -	\$ 5,636,545	15.49%
2018	795,496	795,496	-	5,468,141	14.55%
2017	771,779	771,779	-	5,365,434	14.38%
2016	670,955	670,955	-	4,818,688	13.92%
2015	647,883	647,883	-	4,522,187	14.33%
2014	537,150	537,150	-	4,606,771	11.66%
2013	530,524	530,524	-	4,549,945	11.66%
2012	280,334	280,334	-	4,440,040	6.33%
2011	386,038	386,038	-	4,322,932	8.93%
2010	289,357	289,357	-	3,284,413	8.81%

Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Schedule of Town and School Board's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2018 and 2017

Date	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
Primary Government:					
2018	0.0079%	\$ 121,000	\$ 1,508,394	8.02%	51.22%
2017	0.0078%	118,000	1,445,442	8.16%	48.86%
Component Unit School Board (professional):					
2018	0.0288%	\$ 436,000	\$ 5,468,141	7.97%	51.22%
2017	0.0291%	438,000	5,365,434	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance Program

For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Primary Government					
2019	\$ 8,190	\$ 8,190	\$ -	\$ 1,574,948	0.52%
2018	7,844	7,844	-	1,508,394	0.52%
2017	7,516	7,516	-	1,445,442	0.52%
2016	7,287	7,287	-	1,374,894	0.53%
2015	7,292	7,292	-	1,375,847	0.53%
2014	6,843	6,843	-	1,291,185	0.53%
2013	6,614	6,614	-	1,247,849	0.53%
2012	6,337	6,337	-	1,440,242	0.44%
2011	6,198	6,198	-	1,408,724	0.44%
2010	4,991	4,991	-	1,032,919	0.48%
Component Unit School Board (professional)					
2019	\$ 29,310	\$ 29,310	\$ -	\$ 5,636,545	0.52%
2018	28,434	28,434	-	5,468,141	0.52%
2017	27,900	27,900	-	5,365,434	0.52%
2016	25,539	25,539	-	4,818,688	0.53%
2015	23,968	23,968	-	4,522,187	0.53%
2014	24,416	24,416	-	4,606,771	0.53%
2013	24,115	24,115	-	4,549,945	0.53%
2012	19,536	19,536	-	4,440,040	0.44%
2011	19,021	19,021	-	4,322,932	0.44%
2010	15,689	15,689	-	3,284,412	0.48%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of School Board's Share of Net OPEB Liability
 Teacher Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and 2017

Date	Employer's Proportion of the Net HIC OPEB Liability	Employer's Proportionate Share of the Net HIC OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
2018	0.0676%	\$ 859,000	\$ 5,468,141	15.71%	8.08%
2017	0.0679%	863,000	5,365,434	16.08%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available.
 However, additional years will be included as they become available.

Schedule of Employer Contributions

Teacher Health Insurance Credit (HIC) Program

For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	\$ 67,639	\$ 67,639	\$ -	\$ 5,636,545	1.20%
2018	67,258	67,258	-	5,468,141	1.23%
2017	65,995	65,995	-	5,365,434	1.23%
2016	56,861	56,861	-	4,818,688	1.18%
2015	53,362	53,362	-	4,522,187	1.18%
2014	53,899	53,899	-	4,606,771	1.17%
2013	52,601	52,601	-	4,495,842	1.17%
2012	47,829	47,829	-	4,428,654	1.08%
2011	46,688	46,688	-	4,322,932	1.08%
2010	48,810	48,810	-	3,284,412	1.49%

Notes to Required Supplementary Information
Teacher Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Other Supplementary Information

Discretely Presented Component Unit-School Board

Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2019

	School Operating	School Cafeteria	Total
ASSETS			
Cash and cash equivalents	\$ 13,527	\$ 229,634	\$ 243,161
Due from other governments	58,038	-	58,038
Due from primary government	910,504	-	910,504
Prepaid expenses	118,781	-	118,781
Total assets	<u>\$ 1,100,850</u>	<u>\$ 229,634</u>	<u>\$ 1,330,484</u>
LIABILITIES			
Accounts payable	\$ 74,359	\$ -	\$ 74,359
Accrued expenses	1,026,491	-	1,026,491
Total liabilities	<u>\$ 1,100,850</u>	<u>\$ -</u>	<u>\$ 1,100,850</u>
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid expenses	\$ 118,781	\$ -	\$ 118,781
Assigned:			
Special revenue	-	229,634	229,634
Unassigned	(118,781)	-	(118,781)
Total fund balances	<u>\$ -</u>	<u>\$ 229,634</u>	<u>\$ 229,634</u>
Total liabilities and fund balances	<u>\$ 1,100,850</u>	<u>\$ 229,634</u>	<u>\$ 1,330,484</u>

Amounts reported for the school board in the statement of net position are different because:

Fund balance from above \$ 229,634

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 59,350	
Building and improvements	5,474,816	
Equipment	<u>769,948</u>	6,304,114

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 1,596,296	
OPEB related items	<u>190,949</u>	1,787,245

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Note payable	\$ (101,002)	
Net pension liability	(8,053,000)	
Net OPEB liabilities	(1,295,000)	
Compensated absences	<u>(182,058)</u>	(9,631,060)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (967,000)	
OPEB related items	<u>(61,000)</u>	(1,028,000)

Net position of governmental activities \$ (2,338,067)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2019

	School Operating	School Cafeteria	Total
Revenues:			
Revenue from use of money and property	\$ 11,359	\$ 3,234	\$ 14,593
Charges for services	-	180,375	180,375
Miscellaneous	148,073	-	148,073
Recovered costs	372,201	-	372,201
Intergovernmental revenue:			
Contribution from Town of West Point	4,505,486	-	4,505,486
Commonwealth	5,426,122	-	5,426,122
Federal	430,850	-	430,850
Total revenues	\$ 10,894,091	\$ 183,609	\$ 11,077,700
Expenditures:			
Current:			
Education	\$ 10,700,685	\$ 313,062	\$ 11,013,747
Total expenditures	\$ 10,700,685	\$ 313,062	\$ 11,013,747
Excess (deficiency) of revenues over (under) expenditures	\$ 193,406	\$ (129,453)	\$ 63,953
Other financing sources (uses):			
Transfers in (out)	\$ (193,406)	\$ 193,406	\$ -
Total other financing sources (uses)	\$ (193,406)	\$ 193,406	\$ -
Changes in fund balances	\$ -	\$ 63,953	\$ 63,953
Fund balances at beginning of year	-	165,681	165,681
Fund balances at end of year	\$ -	\$ 229,634	\$ 229,634

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Discretely Presented Component Unit - School Board
Year Ended June 30, 2019

		<u>Component-Unit School Board</u>
Amounts reported for the school board in the statement of activities are different because:		
Net change in fund balances - total school board funds	\$	63,953
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlays	\$ 467,954	
Depreciation expense	<u>(599,836)</u>	(131,882)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(162,487)
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items and details are as follows:		
Principal repayments		176,128
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense	\$ 339,800	
OPEB expense	29,317	
Change in compensated absences	<u>(18,572)</u>	<u>350,545</u>
Change in net position of governmental activities	\$	<u><u>296,257</u></u>

Schedule of Revenues, Expenditures, and Change in Fund Balances
 Budget and Actual - School Operating Fund
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2019

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 11,359	\$ 1,359
Miscellaneous	245,472	245,472	148,073	(97,399)
Recovered costs	351,950	351,950	372,201	20,251
Intergovernmental:				
Town contribution to School Board	4,309,868	4,309,868	4,505,486	195,618
Commonwealth	5,526,839	5,526,839	5,426,122	(100,717)
Federal	340,672	340,672	430,850	90,178
Total revenues	\$ 10,784,801	\$ 10,784,801	\$ 10,894,091	\$ 109,290
Expenditures:				
Current:				
Education:				
Instruction	\$ 8,459,314	\$ 8,459,314	\$ 8,558,065	\$ (98,751)
Administration, attendance and health	502,454	502,454	501,996	458
Pupil transportation services	356,167	356,167	374,801	(18,634)
Operation and maintenance services	1,085,742	1,085,742	1,083,509	2,233
Facilities	102,189	102,189	102,188	1
Debt service	38,325	38,325	32,923	5,402
School food services	240,610	240,610	47,203	193,407
Total expenditures	\$ 10,784,801	\$ 10,784,801	\$ 10,700,685	\$ 84,116
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 193,406	\$ 193,406
Other financing sources (uses):				
Transfers out	\$ -	\$ -	\$ (193,406)	\$ (193,406)
Total other financing sources (uses)	\$ -	\$ -	\$ (193,406)	\$ (193,406)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

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Discretely Presented Component Unit-Economic Development Authority

Statement of Net Position - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2019

	<u>Proprietary Fund</u>
	<u>Enterprise</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 388,392
Inventory	<u>548,208</u>
Total Current Assets	<u>\$ 936,600</u>
 Total Assets	 <u><u>\$ 936,600</u></u>
 LIABILITIES	
Contingent liability	<u>\$ 361,566</u>
 NET POSITION	
Unrestricted	<u>\$ 575,034</u>
 Total Liabilities and Net Position	 <u><u>\$ 936,600</u></u>

Statement of Revenues, Expenses, and Change in Net Position - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2019

	Proprietary Fund
	Enterprise
Operating expenses:	
Contractual services	\$ 3,538
Total operating expenses	\$ 3,538
Operating income (loss)	\$ (3,538)
Nonoperating revenues (expenses):	
Interest income	\$ 8,496
EDA contribution to Town	(2,500)
Total nonoperating revenues (expenses)	\$ 5,996
Change in net position	\$ 2,458
Net position at beginning of year	572,576
Net position at end of year	\$ 575,034

Statement of Cash Flows - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2019

	Proprietary Fund
	Enterprise
Cash flows from operating activities:	
Payments for services	\$ (3,538)
Cash flows from noncapital financing activities:	
EDA contribution to Town	\$ (2,500)
Cash flows from investing activities:	
Interest income	\$ 8,496
Increase (decrease) in cash and cash equivalents	\$ 2,458
Cash and cash equivalents at beginning of year	385,934
Cash and cash equivalents at end of year	\$ 388,392
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (3,538)
Net cash provided by (used for) operating activities	\$ (3,538)

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Supporting Schedule

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,252,423	\$ 2,252,423	\$ 2,220,164	\$ (32,259)
Real and personal public service corporation property taxes	125,000	125,000	115,016	(9,984)
Personal property taxes	526,108	526,108	603,635	77,527
Machinery and tools taxes	2,934,338	2,934,338	3,002,271	67,933
Penalties	40,000	40,000	24,590	(15,410)
Interest	-	-	22,423	22,423
Total general property taxes	\$ 5,877,869	\$ 5,877,869	\$ 5,988,099	\$ 110,230
Other local taxes:				
Local sales and use taxes	\$ 275,000	\$ 275,000	\$ 332,346	\$ 57,346
Consumers' utility taxes	70,000	70,000	69,600	(400)
Utility consumption tax	45,000	45,000	44,866	(134)
Business license taxes	180,000	180,000	226,418	46,418
Motor vehicle licenses	56,000	56,000	53,848	(2,152)
Natural gas tax	45,000	45,000	44,465	(535)
Bank franchise tax	50,000	50,000	70,250	20,250
Meals taxes	280,000	280,000	320,366	40,366
Total other local taxes	\$ 1,001,000	\$ 1,001,000	\$ 1,162,159	\$ 161,159
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 49,700	\$ 49,700	\$ 39,703	\$ (9,997)
Total permits, privilege fees and regulatory licenses	\$ 49,700	\$ 49,700	\$ 39,703	\$ (9,997)
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 24,082	\$ (5,918)
Total fines and forfeitures	\$ 30,000	\$ 30,000	\$ 24,082	\$ (5,918)
Revenue from use of money and property:				
Revenue from use of money	\$ 45,000	\$ 45,000	\$ 154,151	\$ 109,151
Revenue from use of property	19,484	19,484	184,862	165,378
Total revenue from use of money and property	\$ 64,484	\$ 64,484	\$ 339,013	\$ 274,529
Charges for services:				
Charges for solid waste collection	\$ 183,457	\$ 183,457	\$ 184,391	\$ 934
Total charges for services	\$ 183,457	\$ 183,457	\$ 184,391	\$ 934

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
General Fund: (continued)				
Revenue from local sources: (continued)				
Miscellaneous revenue:				
Miscellaneous revenue	\$ 15,000	\$ 27,000	\$ 68,921	\$ 41,921
EDA contribution to Town	-	-	2,500	2,500
Total miscellaneous revenue	\$ 15,000	\$ 27,000	\$ 71,421	\$ 44,421
Recovered costs:				
DMV - license agent fees	\$ 46,000	\$ 46,000	\$ 47,015	\$ 1,015
Total recovered costs	\$ 46,000	\$ 46,000	\$ 47,015	\$ 1,015
Total revenue from local sources	\$ 7,267,510	\$ 7,279,510	\$ 7,855,883	\$ 576,373
Intergovernmental revenue:				
Local government:				
King William County	\$ 150,000	\$ 150,000	\$ 155,310	\$ 5,310
Revenue from the Commonwealth:				
Noncategorical aid:				
PPTRA	\$ 366,550	\$ 366,550	\$ 366,550	\$ -
Rolling stock tax	-	-	6,315	6,315
Communications tax	85,000	85,000	74,348	(10,652)
Total noncategorical aid	\$ 451,550	\$ 451,550	\$ 447,213	\$ (4,337)
Categorical aid:				
Fire department grant	\$ 10,728	\$ 10,728	\$ 11,443	\$ 715
599 fund grant	71,100	71,100	76,104	5,004
VA commission of the arts grant	4,500	4,500	4,500	-
Wireless 911 Board Funding	-	-	3,674	3,674
Police grants	8,493	8,493	5,083	(3,410)
Public safety services	10,000	10,000	10,000	-
Total categorical aid	\$ 104,821	\$ 104,821	\$ 110,804	\$ 5,983
Total revenue from the Commonwealth	\$ 556,371	\$ 556,371	\$ 558,017	\$ 1,646
Revenue from the Federal Government:				
Categorical aid:				
Safe routes to schools	\$ -	\$ 100,000	\$ 98,194	\$ (1,806)
Magnolia sidewalk	-	-	11,263	11,263
Total categorical aid	\$ -	\$ 100,000	\$ 109,457	\$ 9,457
Total revenue from the federal government	\$ -	\$ 100,000	\$ 109,457	\$ 9,457
Total General Fund	\$ 7,973,881	\$ 8,085,881	\$ 8,678,667	\$ 592,786

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 7,209	\$ (2,791)
Revenue from use of property	-	-	4,150	4,150
Total from use of money and property	\$ 10,000	\$ 10,000	\$ 11,359	\$ 1,359
Miscellaneous revenue:				
Miscellaneous revenue	\$ 245,472	\$ 245,472	\$ 148,073	\$ (97,399)
Total miscellaneous revenue	\$ 245,472	\$ 245,472	\$ 148,073	\$ (97,399)
Recovered costs:				
Tuition or other payments from another county or city	\$ 351,950	\$ 351,950	\$ 372,201	\$ 20,251
Total recovered costs	\$ 351,950	\$ 351,950	\$ 372,201	\$ 20,251
Total revenue from local sources	\$ 607,422	\$ 607,422	\$ 531,633	\$ (75,789)
Intergovernmental revenue:				
Town contribution to School Board	\$ 4,309,868	\$ 4,309,868	\$ 4,505,486	\$ 195,618
Total intergovernmental revenue	\$ 4,309,868	\$ 4,309,868	\$ 4,505,486	\$ 195,618
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 805,188	\$ 805,188	\$ 716,560	\$ (88,628)
Basic school aid	3,025,372	3,025,372	2,994,084	(31,288)
Special education - SOQ	270,066	270,066	276,188	6,122
Share of fringe benefits	557,557	557,557	570,194	12,637
State technology grant	128,000	128,000	128,000	-
Other state funds	740,656	740,656	741,096	440
Total categorical aid	\$ 5,526,839	\$ 5,526,839	\$ 5,426,122	\$ (100,717)
Total revenue from the Commonwealth	\$ 5,526,839	\$ 5,526,839	\$ 5,426,122	\$ (100,717)
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ 65,601	\$ 65,601	\$ 61,452	\$ (4,149)
Title VI-B - special education	135,055	135,055	154,968	19,913
Other federal funds	140,016	140,016	214,430	74,414
Total categorical aid	\$ 340,672	\$ 340,672	\$ 430,850	\$ 90,178
Total revenue from the federal government	\$ 340,672	\$ 340,672	\$ 430,850	\$ 90,178
Total School Operating Fund	\$ 10,784,801	\$ 10,784,801	\$ 10,894,091	\$ 109,290

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board: (continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 3,234	\$ 3,234
Charges for services:				
Cafeteria sales	-	-	180,375	180,375
Total revenue from local sources	\$ -	\$ -	\$ 183,609	\$ 183,609
Total School Cafeteria Fund	\$ -	\$ -	\$ 183,609	\$ 183,609
Total Revenues-Component Unit-School Board	\$ 10,784,801	\$ 10,784,801	\$ 11,077,700	\$ 292,899

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Statistical Information

TOWN OF WEST POINT, VIRGINIA

Table 1

Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General			Parks, Recreation and Cultural				Interest on			Water and	
	Government Administration	Public Safety	Public Works	Education	Cultural	Community Development	Debt	Debt	Sewer	Total		
2009-10	\$ 632,474	\$ 1,019,141	\$ 244,392	\$ 3,411,167	\$ 34,689	\$ 334,247	\$ 97,474	\$ 514,681	\$ 6,288,265			
2010-11	537,809	1,051,801	1,107,762	3,944,820	40,182	291,900	90,143	528,925	7,593,342			
2011-12	578,255	1,041,749	1,199,933	3,708,942	33,875	1,187,254	88,721	562,855	8,401,584			
2012-13	611,633	973,530	1,094,055	3,872,596	115,923	360,715	123,548	534,472	7,686,472			
2013-14	680,711	1,116,392	1,079,004	3,671,221	73,417	438,667	125,649	494,403	7,679,464			
2014-15	685,004	968,017	1,177,439	4,373,293	73,849	199,661	180,621	500,710	8,158,594			
2015-16	674,846	965,293	1,219,024	4,151,528	30,793	353,606	170,104	518,365	8,083,559			
2016-17	565,170	936,254	998,086	4,482,732	94,201	704,346	150,301	551,546	8,482,636			
2017-18	632,350	973,116	1,120,322	4,201,196	114,103	388,524	156,589	553,804	8,140,004			
2018-19	597,754	989,200	803,279	4,842,622	116,589	633,889	146,160	499,600	8,629,093			

TOWN OF WEST POINT, VIRGINIA

Table 2

Government-wide Revenues

Last Ten Fiscal Years

Fiscal Year	Program Revenues				General Revenues				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Contributions Not Restricted to Specific Programs	Revenues from the Use of Money and Property	Miscellaneous	Total
2009-10	\$ 679,209	\$ 158,622	\$ -	\$ 1,177,303	\$ 842,898	\$ 460,225	\$ 212,756	\$ 49,415	\$ 3,580,428
2010-11	676,147	179,698	298,235	4,720,965	765,474	464,463	546,402	236,764	7,888,148
2011-12	718,219	762,693	522,188	4,674,205	847,663	459,509	197,390	165,872	8,347,739
2012-13	822,609	152,424	368,811	5,083,067	836,331	463,080	229,031	170,069	8,125,422
2013-14	861,803	303,408	174,750	2,332,979	871,190	3,716,547	213,585	167,030	8,641,292
2014-15	923,488	171,844	27,199	5,231,004	973,010	635,173	191,448	158,834	8,312,000
2015-16	1,006,562	141,413	12,525	5,461,795	1,008,983	604,546	208,841	148,979	8,593,644
2016-17	1,000,483	151,764	7,694	5,691,267	1,036,154	611,471	221,070	79,550	8,799,453
2017-18	987,443	154,034	118,416	5,919,213	1,057,967	746,069	261,516	190,021	9,434,679
2018-19	986,664	110,804	109,457	5,916,458	1,162,159	602,523	337,290	175,683	9,401,038

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permit Privilege Fees & Regulatory Licenses		Fines & Forfeitures		Revenues from the Use of Money & Property		Charges for Services		Miscellaneous		Recovered Costs		Inter-governmental (2)		Total	
2009-10	\$	4,760,978	\$	765,674	\$	47,017	\$	26,787	\$	271,267	\$	175,443	\$	192,248	\$	333,471	\$	5,957,738	\$	12,530,623
2010-11		4,736,169		765,474		18,997		25,815		551,798		132,227		215,927		351,357		5,342,862		12,140,626
2011-12		4,686,251		847,663		18,726		27,533		201,199		232,205		178,801		366,951		6,572,043		13,131,372
2012-13		5,071,285		836,331		29,804		36,404		235,956		325,853		397,491		379,539		5,528,944		12,841,607
2013-14		2,358,051		871,190		30,524		57,327		218,736		324,312		584,289		375,496		8,893,716		13,713,641
2014-15		5,258,570		973,010		39,734		42,933		197,594		325,791		570,038		341,919		5,673,914		13,423,503
2015-16		5,456,035		1,008,983		48,378		22,859		212,419		345,468		218,464		365,992		5,488,112		13,166,710
2016-17		5,670,824		1,036,154		50,166		31,865		224,466		361,429		287,294		424,258		6,207,149		14,293,605
2017-18		5,874,081		1,057,967		38,750		43,362		275,736		356,032		367,199		397,487		6,711,921		15,122,535
2018-19		5,988,099		1,162,159		39,703		24,082		353,606		364,766		219,494		419,216		6,679,756		15,250,881

(1) Includes General and Special Revenue Funds of the primary government and its discretely presented component unit - School Board.

(2) Excludes contribution from Primary Government to its discretely presented component unit - School Board.

General Government Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Administration	Parks			Public Safety	Public Works	Education (2)	Recreation and Cultural	Community Development	Non-Departmental	Debt Service	Total
2009-10	\$ 546,714	\$ 995,229	\$ 898,071	\$ 9,492,661	\$ 54,674	\$ 923,655	\$ 178,686	\$ 536,969	\$ 13,626,659			
2010-11	567,331	1,077,003	1,035,404	9,051,161	31,652	648,403	241,644	243,589	12,896,187			
2011-12	578,122	1,065,555	868,227	9,106,253	34,165	1,282,740	236,481	1,684,796	14,856,339			
2012-13	608,551	1,073,442	861,443	12,271,266	111,128	360,715	134,845	188,758	15,610,148			
2013-14	688,257	1,089,546	860,358	11,081,854	71,408	438,667	137,700	274,468	14,642,258			
2014-15	648,104	970,160	996,493	10,048,456	71,714	201,192	137,274	5,931,372	19,004,765			
2015-16	697,306	957,812	926,841	9,231,126	67,823	359,323	198,227	458,479	12,896,937			
2016-17	652,149	929,783	857,245	10,306,910	98,896	718,580	133,245	627,992	14,324,800			
2017-18	667,453	1,036,909	1,005,890	10,581,656	122,323	432,050	126,597	399,800	14,372,678			
2018-19	686,804	1,099,423	1,001,372	11,169,734	166,042	632,819	130,576	517,136	15,403,906			

(1) Includes General and Special Revenue Funds' Current Expenditures and Debt Service of the primary government and its discretely presented component unit - School Board.

(2) Excludes contribution from Primary Government to its discretely presented component unit - School Board.

TOWN OF WEST POINT, VIRGINIA

Table 5

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and		Public Service (2)	Mobile Homes	Total
			Tools	Tools			
2009-10	\$ 329,503,108	\$ 22,935,137	\$ 102,977,141	\$ 102,977,141	\$ 9,978,958	\$ 22,851	465,417,195
2010-11	334,681,768	24,905,732	103,180,535	103,180,535	11,219,169	22,851	474,010,055
2011-12	334,351,450	22,071,030	99,511,747	99,511,747	12,393,142	675	468,328,044
2012-13	337,460,418	22,704,838	101,227,503	101,227,503	12,796,501	675	474,189,935
2013-14	337,451,530	23,277,613	102,484,916	102,484,916	13,007,230	9,157	476,230,446
2014-15	338,312,268	20,992,879	109,069,737	109,069,737	13,691,729	2,627	482,069,240
2015-16	310,901,142	22,368,692	109,437,086	109,437,086	15,400,962	10,017	458,117,899
2016-17	311,096,090	27,830,795	117,573,376	117,573,376	16,599,624	4,531	473,104,416
2017-18	311,517,001	25,667,916	122,264,085	122,264,085	16,798,854	3,472	476,251,328
2018-19	313,570,859	27,982,178	125,094,621	125,094,621	15,948,581	-	482,596,239

(1) Real Estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools
2009-10	\$ 0.600	\$ 3.30	2.25
2010-11	0.600	3.30	2.25
2011-12	0.600	3.30	2.25
2012-13	0.640	3.52	2.40
2013-14	0.270	2.25	1.21
2014-15	0.640	3.52	2.40
2015-16	0.720	3.52	2.40
2016-17	0.720	3.52	2.40
2017-18	0.720	3.52	2.40
2018-19	0.720	3.52	2.40

(1) Per \$100 of assessed value.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2009-10	\$ 5,111,549	\$ 5,019,617	98.20%	\$ 60,351	\$ 5,079,968	99.38%	\$ 204,235	4.00%
2010-11	5,219,494	4,961,497	95.06%	77,887	5,039,384	96.55%	197,573	3.79%
2011-12	5,048,755	4,933,290	97.71%	93,071	5,026,361	99.56%	175,702	3.48%
2012-13	5,470,825	5,323,156	97.30%	67,642	5,390,798	98.54%	229,029	4.19%
2013-14	2,710,048	2,656,322	98.02%	56,819	2,713,141	100.11%	178,297	6.58%
2014-15	5,609,466	5,521,704	98.44%	52,909	5,574,613	99.38%	174,892	3.12%
2015-16	5,764,136	5,652,037	98.06%	103,253	5,755,290	99.85%	153,032	2.65%
2016-17	6,161,478	5,931,129	96.26%	67,782	5,998,911	97.36%	170,487	2.77%
2017-18	6,201,948	6,078,951	98.02%	96,926	6,175,877	99.58%	208,308	3.36%
2018-19	6,359,969	6,259,996	98.43%	47,640	6,307,636	99.18%	208,308	3.28%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)			
2009-10	3,156	\$ 465,417	\$ 3,376,099	-	\$ 1,057,767	\$ 2,318,332	0.50%	735
2010-11	3,306	474,010	3,160,100	-	994,112	2,165,988	0.46%	655
2011-12	3,315	468,328	3,044,913	-	970,114	2,074,799	0.44%	626
2012-13	3,312	474,190	8,688,563	-	924,180	7,764,383	1.64%	2,344
2013-14	3,339	476,230	8,498,036	-	877,068	7,620,968	1.60%	2,282
2014-15	3,333	482,069	7,744,322	-	828,386	6,915,936	1.43%	2,075
2015-16	3,339	458,118	7,410,415	-	778,526	6,631,889	1.45%	1,986
2016-17	3,314	473,104	6,887,710	-	727,488	6,160,222	1.30%	1,859
2017-18	3,312	476,251	6,592,629	-	675,272	5,917,357	1.24%	1,787
2018-19	3,312	482,596	6,093,142	-	542,966	5,550,176	1.15%	1,676

(1) Weldon Cooper Center for Public Service at the University of Virginia.

(2) From Table 5.

(3) Includes all long-term general obligation bonded debt, Bond Anticipation Notes, and Literary Fund Loans.

Excludes revenue bonds, capital leases, compensated absences, and net pension liability.

(4) Includes General Obligation Debt payable from enterprise revenues.

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Compliance



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of the Town Council
Town of West Point, Virginia
West Point, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Town of West Point, Virginia's basic financial statements, and have issued our report thereon dated January 24, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of West Point, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of West Point, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of West Point, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of West Point, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charlottesville, Virginia
January 24, 2020

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